

**CITY OF AUSTIN – AUSTIN ENERGY  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA DATE: 10/1/2015**

**SUBJECT:** Approve issuance of a rebate to Clarion Partners for performing energy efficiency improvements at the Lantana Ridge Apartments located at 6636 W. William Cannon Dr., in an amount not to exceed \$94,989 (District 8).

**AMOUNT & SOURCE OF FUNDING:** Funding is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**FOR MORE INFORMATION CONTACT:** Jeff Vice, Director, Local Government Issues (512) 322-6450; Denise Kuehn, Director, Energy Efficiency Services (512) 322-6138.

**BOARD AND COMMISSION ACTION:** September 15, 2015 – To be reviewed by the Resource Management Commission. September 21, 2015 – To be reviewed by the Electric Utility Commission.

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Austin Energy requests authorization to issue a rebate to Clarion Partners, in an amount not to exceed \$94,989, for an energy efficient measure completed at the Lantana Ridge Apartments. The Lantana Ridge Apartments are located at 6636 W. William Cannon Dr., Austin, Texas 78745, in Council District 8.

The property comprises 17 buildings and 354 apartment units, with a total of 311,968 square feet of conditioned space. The average rent for the one bedroom units ranges from \$1,067 to \$1,398 and the two bedroom units ranges from \$1,513 to \$1,586, depending on amenities. The energy efficiency measure completed at this property was duct sealing. The estimated total cost of the project is \$122,293; the rebate will cover approximately 78% of the total cost.

These improvements are in accordance with Austin Energy's Multifamily Rebate Program. This program is one of the elements of Austin Energy's comprehensive Resource, Generation and Climate Protection Plan, to realize 700 MW of energy efficiency and 200 MW of demand response by 2025. The original plan, approved by City Council in April 2010 and updated in December 2014, is designed in part to reduce local air pollution through energy conservation, reduce peak demand, reduce the need to purchase additional generation and assist customers in reducing electric consumption.

The avoided kilowatt hours (kWh) estimated at 544,460 kWh per year represents a major benefit to the local environment. This project prevents the emission of the production of the following air pollutants: 326.9 metric tons of Carbon Dioxide (CO<sub>2</sub>), 0.228 metric tons of Nitrogen Oxides (NO<sub>x</sub>), and 0.206 metric tons of Sulfur Dioxide (SO<sub>2</sub>). The project savings is equivalent to an estimated 734,032 vehicle miles traveled, the removal of 62.6 cars from our roadways, or the planting of 8,399 trees or 420 acres of forest in Austin's parks.

# PROJECT FACT SHEET – Lantana Ridge Apartments/Clarion Partners

Property Name	Lantana Ridge Apartments		
Customer Name	Clarion Partners		
Property Address	6636 W. William Cannon Dr., Austin, TX 78745		
Average Rent:	1BR \$1,067 to \$1,398 / 2BR \$1,513 to \$1,586		
Number of Units	354	Contractor	Leelynn Energy Solutions
Housing Type:	Market Rate	Total Measure Costs	\$122,293
		Total Rebate – Not to Exceed	\$94,989
		% of Total Measure Costs	78%
ECAD Status	In Compliance	Rebate per Unit	\$268


PROJECT ANNUAL SAVINGS AT 100% OCCUPANCY		SCOPE OF WORK
kW Saved – Estimated	285	Duct Sealing – Furrdown (99%) and Up-flow (1%)
\$/kW – Estimated	\$333	
kWh Saved – Estimated	544,460	

MONTHLY SAVINGS PER CUSTOMER - ESTIMATED	
Dollar Savings per Residential Customer from efficiency improvements	\$14

Measures Performed in last 10 Years at Lantana Ridge Apartments	Completion Date	Rebate Amount
Compact Fluorescent Lightbulbs	2010	\$24,969
Solar Screens	2011	\$48,330

Multifamily Program Averages for Duct Seal – Previous 1 Year Participation					
Measure	Avg\$/kW	% of project cost paid	Avg kWh per project	Avg # of Units per Project	Avg annual dollar Savings per customer
Duct Seal	\$583	89%	121,951	126	\$96

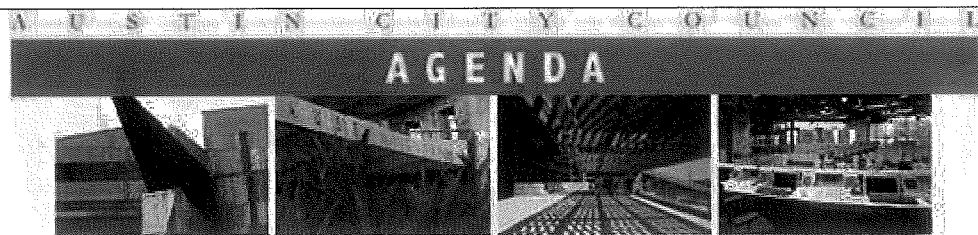
ITEM 3

A U S T I N C I T Y C O U N C I L				
A G E N D A				
				
<b>Recommendation for Council Action</b>				
Austin City Council	Item ID	50321	Agenda Number	<ITEM_OUTLINE>
Meeting Date:	10/1/2015		Department:	Austin Energy
Subject				
<p>Authorize negotiation and execution of a 60-month lease renewal agreement with SWC Research &amp; Ohlen, LP, for approximately 4,597 square feet of retail space located at 8716 Research Boulevard for the continued operation of an Austin Energy Customer Service Center, in an amount not to exceed \$688,890 (District 7).</p>				
Amount and Source of Funding				
<p>Funding in the amount of \$55,000 is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy. Funding for the remainder of the agreement is contingent upon available funds in future budgets.</p>				
Fiscal Note				
<p>There is no unanticipated fiscal impact. A fiscal note is not required.</p>				
Purchasing Language:				
Prior Council Action:				
For More Information:	<p>Jeff Vice, Director, Local Government Issues (512) 322-6087; Elaine Kelly-Diaz, VP, Customer Account Management (512) 322-6667; Vince McGlone, Facilities Management (512) 322-6420.</p>			
Council Committee, Boards and Commission Action:	<p>September 21, 2015 – To be reviewed by the Electric Utility Commission.</p>			
MBE / WBE:				
Related Items:				
Additional Backup Information				
<p>The proposed lease renewal agreement is for approximately 4,597 square feet of retail space at 8716 Research Blvd., near Ohlen Road, in Council District 7. This space accommodates an Austin Energy Walk-in Customer Service Center designed to assist new and existing utility customers with services related to obtaining or maintaining City of Austin utilities including collecting payments for Austin Energy, Austin Water Utility, Austin Resource Recovery and other utility-related fees.</p> <p>This North Austin center includes office space allowing private consultation with customers, if requested, and computer stations for customers to learn how to process payment transactions online. It also includes a classroom designed for customers to receive education about conservation programs and the Customer Assistance Program, or for bill dispute hearings. It is utilized for meetings with Austin Energy's Customer Care Partners including Any Baby Can, Capital Idea, Services for the Elderly, Travis County and others, who work together to provide services for utility customers. In addition, this center includes an area for display of English and Spanish language materials about</p>				

conservation, cost saving measures and services offered by City utilities, and a convenient drop box for customers to make payments during and after normal hours of operation.

The center opened in May 2011 and, as of August 2015, completed 321,140 transactions. It houses seven employees—a manager, a Customer Solutions Coordinator, three Customer Service Representatives Senior and two Customer Service Representatives.

Austin Energy operates two walk-in customer service facilities—one described in this document and one in East Austin at the Rosewood-Zaragosa Center located at 2800 Webberville Road, in Council District 1. Both centers are designed to assist customers with: initiation of new services, service order requests, research and analysis of utility accounts, payment arrangement set up and agency assistance for those who qualify for the Customer Assistance Program.



## Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	50207	Agenda Number	
Meeting Date:	October 1, 2015			
Department:	Purchasing			
Subject				
<p>Authorize negotiation and execution of a contract with 1ENERGY SYSTEMS INC., for the purchase of a 1.5 megawatt energy storage system to be installed at Austin Energy's Kingsbery Substation, in an amount not to exceed \$3,000,000.</p>				
Amount and Source of Funding				
<p>Funding is available in the Fiscal Year 2015-2016 Capital Budget of Austin Energy.</p>				
Fiscal Note				
<p>A fiscal note is attached.</p>				
Purchasing Language:	Critical Business Need			
Prior Council Action:				
For More Information:	Gage Loots, Corporate Purchasing Manager, 512-322-6251.			
Boards and Commission Action:	September 21, 2015 - To be reviewed by the Electric Utility Commission.			
Related Items:				
MBE / WBE:	This contract is exempt from City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program.			

### Additional Backup Information

The contract is for the purchase of a 1.5 megawatt (MW) Energy Storage System. Austin Energy is implementing a pilot project to install the storage system at the Kingsbery Substation as a part of integrating the Community Solar Project. The substation and Community Solar Project are located northeast of Springdale Road and Airport Boulevard in Council District 3 and close to the boundary of Council District 1.

Energy storage is a key component in Austin Energy's renewable energy strategy due to its ability to address intermittency and variability in renewable energy sources (e.g. photovoltaic). Energy Storage Systems are currently in the developmental phase and uniform standards are in early development. Also, due the relative lack of maturity of the technology and variability in application, projects require significant and specific research, analysis, and study to appropriately specify, procure, design, install, commission, and validate an Energy Storage System.

Austin Energy has been working with 1Energy, an Energy Storage System integrator and control system supplier to study how to integrate the Community Solar installation with the distribution system. Austin Energy partnered with 1Energy to apply for, and has received a \$1,000,000 New Technology Implementation Grant from the Texas Commission on Environmental Quality for purchasing and implementing a demonstration Energy Storage System at Kingsbery. Additionally, Austin Energy has joined a consortium led by 1Energy called the Modular Energy Storage Association (MESA) which is focused on developing the first storage system standard for interoperability. The MESA Energy Storage System standard will address open architecture for integration of the various major Energy Storage System components and utility information technology infrastructure with the purpose of reducing future integration costs.

Austin Energy will use the analysis derived from the earlier study to optimize how energy will be dispatched over a five year reporting period and will include performance requirements that are warranted. Austin Energy will validate the technology and value of storage and this project will help guide future strategies and projects to deploy additional Energy Storage System assets.

This pilot project will implement three key technologies:

1. 1Energy's Communication System (MESA compliant, open, and non-proprietary architecture)
2. 1Energy's Intelligent Controller (optimizing the economic use of storage assets)
3. Tesla's Stationary Battery Storage System

An evaluation committee comprised of senior staff evaluated 1Energy's proposal and determined they were the only MESA-compliant integrator able to meet the functional requirements for this project and were evaluated based on personnel qualifications, software technical qualifications, battery technology, systems integration experience, and total estimated cost. Due to the specific and unique characteristics of the Kingsbery/Community Solar project, the importance of piloting an open and interoperable Energy Storage System architecture in anticipation of future storage system deployments, the limited number of companies with utility scale storage system experience, and 1Energy's detailed analysis and knowledge of Austin Energy's specific application, Austin Energy is designating this purchase as a Critical Business Need in accordance with Senate Bill 7, as adopted by the City of Austin as Resolution No. 040610-02.

Item 5

A U S T I N C I T Y C O U N C I L

## AGENDA



### Recommendation for Council Action

Austin City Council		Item ID	50754	Agenda Number	<ITEM_OUTLINE>
Meeting Date:	10/1/2015		Department:	Austin Energy	
Subject					
Authorize execution of power purchase agreements with one or more qualified offerors for 200 to 300 megawatts of utility-scale, solar-generated electricity in an estimated amount of \$22,500,000 to \$33,200,000 per year, and a total estimated amount of \$445,000,000 to \$700,000,000 with contract terms ranging between 15 and 25 years.					
Amount and Source of Funding					
Funding will be provided through Power Supply Adjustment.					
Fiscal Note					
There is no unanticipated fiscal impact. A fiscal note is not required.					
Purchasing Language:					
Prior Council Action:	April 2, 2015 - Approved Council Resolution No. 20150402-020.				
For More Information:	Jeff Vice, Director, Local Government Issues (512) 322-6087; Pat Sweeney, Director, Energy and Market Operations (512) 322-6292; Khalil Shalabi, VP, Energy Market Operations & Resource Planning (512) 322-6520, Cheryl Mele, Chief Operating Officer (512) 322-6062.				
Council Committee, Boards and Commission Action:	September 15, 2015 – Approved by the Resource Management Commission on a vote of 9-0. Recommendation No. 20150915-003c. September 21, 2015 – To be reviewed by the Electric Utility Commission.				
MBE / WBE:					
Related Items:					

### Additional Backup Information

On December 11, 2014, the Austin City Council adopted the Austin Energy Resource, Generation and Climate Protection Plan to 2025 which established the strategic energy policy for Austin Energy. Part of that plan envisioned contracting for up to 600 megawatts (MW) of utility-scale solar generation by 2017.

On April 2, 2015, City Council approved Resolution No. 20150402-020 directing the City Manager to issue a Request for Proposals (RFP) for up to 600 MW of solar generation. The offers provided Austin Energy with competitively priced renewable solar energy and environmental attributes, and the opportunity to continue progress toward its goal of having 55% of its energy resources come from renewable sources by 2025. The recommended solar purchases and existing renewable commitments are projected to result in Austin Energy achieving 40% renewable energy after the projects begin commercial operation by December 31, 2017.

These utility-scale solar contracts will provide for the purchase of the full output of solar power projects to be constructed in the West Texas Region of the Electric Reliability Council of Texas (ERCOT). The solar projects are expected to come online by the end of 2017. Agreements will run for terms of 15 to 25 years and will not require Austin Energy to invest any funds in the construction, operation, or maintenance of the projects during that period. The agreements will each provide for a non-escalating fixed price per megawatt-hour (MWh) of energy produced, the quantity of which will vary in accordance with the actual availability of solar resources. The agreements are projected to increase the Power Supply Adjustment by up to 1% during the first four years of the agreement with neutral to slightly positive impacts in later years. The rate impact of this action is expected to be within affordability limits. The table below illustrates total estimated bill impacts by representative customer types.

<i>Customer Type</i>	<b>2017 Bill Difference</b>		
	<i>Monthly</i>	<i>Annual</i>	<i>%</i>
Average Residential	\$0.28	\$3.36	0.26%
Small Office	\$0.31	\$3.72	0.23%
Convenience Store	\$3.61	\$43.32	0.36%
Large Grocery Store	\$123.83	\$1,485.96	0.34%
Medium Tech Firm	\$243.22	\$2,918.64	0.35%
Large Tech Firm	\$912.08	\$10,944.96	0.41%
Extra Large Tech Firm	\$5,472.51	\$65,670.12	0.39%
Transmission	\$786.09	\$9,433.08	0.40%

#### **PRICE ANALYSIS**

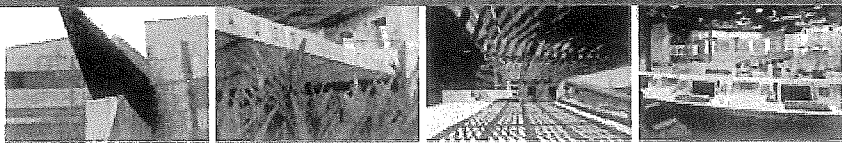
- a. Adequate competition.
- b. Over 150 proposals from 33 respondents were received.

#### **APPROVAL JUSTIFICATION**

- a. Top evaluated proposal(s).
- b. The recommended proposer(s) meet(s) the requirements of the RFP.



Item 6

A U S T I N C I T Y C O U N C I L				
A G E N D A				
				
<b>Recommendation for Council Action (Purchasing)</b>				
Austin City Council	Item ID:	50195	Agenda Number	<ITEM_OUTLINE>
Meeting Date:	October 1, 2015			
Department:	Purchasing			
Subject				
Authorize execution of a 24-month contract with TECHLINE INC. to provide vacuum interrupter switches for Austin Energy in an amount not to exceed \$1,619,150, with three 12-month extension options in an amount not to exceed \$809,575 per extension option, for a total contract amount not to exceed \$4,047,875.				
Amount and Source of Funding				
Funding in the amount of \$742,110 is available in the proposed Fiscal Year 2015-2016 Operating Budget of Austin Energy. Funding for the remaining 13-months of the original contract period and extension options is contingent upon available funding in future budgets.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:	Lowest bid received.			
Prior Council Action:				
For More Information:	Gabriel Guerrero, Buyer II, 512-322-6060			
Boards and Commission Action:	September 21, 2015 - To be reviewed by the Electric Utility Commission.			
Related Items:				
MBE / WBE:	This contract will be awarded in compliance with City Code Chapter 2-9D Minority Owned and Women Owned Business Enterprise Procurement Program. No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.			
Additional Backup Information				
<p>The contract will provide Austin Energy (AE) with vacuum interrupter switches to support the work of the construction and maintenance staff of AE's network operations. Vacuum interrupter switches have an overcurrent relay that can sense a fault, allowing the switches to safely open and disconnect the energized equipment inside the electrical service vault. The switches create a safe work environment for AE maintenance crews performing repairs on de-energized equipment. These switches are used throughout the AE network vault protection system to prevent expensive equipment damage. This contract will be used to replenish stock at AE's St. Elmo warehouse.</p> <p>This contract would ensure that Austin Energy has the critical parts required for the network operations crews to enable timely repairs, maintenance and new projects. The current contract expires on October 18, 2015.</p>				

**BID TABULATION**

IFB No. GGU0147

Vacuum Interrupter Switches Annual Price Agreement  
(2 line items)**Vendor****Total Annual Bid**Techline Inc.  
Austin, TX

\$809,575

Texas Electric Cooperatives  
Georgetown, TX

\$857,605

A complete bid tabulation is on file in the Purchasing Office and is on the City's Financial Services Austin Finance Online website at: [https://www.austintexas.gov/financeonline/vendor\\_connection/solicitation/search.cfm](https://www.austintexas.gov/financeonline/vendor_connection/solicitation/search.cfm)

**PRICE ANALYSIS**

- a. Adequate competition.
- b. 162 notices were sent, including five MBEs and two WBEs. Two bids were received, with no response from the MBEs/WBEs.
- c. The pricing offered represents an 8.7% price increase the last contract awarded in October of 2010.

**APPROVAL JUSTIFICATION**

- a. Lowest bid received. Techline, Inc. is the current provider of these products.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the internet.

## AGENDA



## Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	50209	Agenda Number	<ITEM_OUTLINE>
Meeting Date:	October 1, 2015			
Department:	Purchasing			
Subject				
Authorize negotiation and execution of a contract with PA CONSULTING GROUP, INC. for professional services to train staff on operations modeling and support development of operational metrics for Austin Energy in an amount not to exceed \$217,000.				
Amount and Source of Funding				
Funding is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy.				
Fiscal Note				
There is no unanticipated fiscal impact. A fiscal note is not required.				
Purchasing Language:	Professional Services			
Prior Council Action:				
For More Information:	Nicole Turner, Senior Buyer Supervisor, 512-322-6586			
Boards and Commission Action:	September 21, 2015 - To be reviewed by the Electric Utility Commission.			
Related Items:				
MBE / WBE:	This contract is exempt from City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program.			
Additional Backup Information				
<p>Austin Energy is seeking a contract with PA Consulting Group Inc. (PA Consulting) whereby PA Consulting will train Austin Energy staff to perform modeling of operations (transmission and distribution business, customer engagement and retail operations) and finances based on future scenarios. At a high level, this work will ensure the appropriate allocation of resources to the highest priority operating initiatives, and will build capacity within Austin Energy to perform operational modeling in-house in 2016 and beyond.</p> <p>For this contract, PA Consulting will provide training on the development and interpretation of operating models to a cross-functional team of utility staff. This will include transfer of specific skills in using Austin Energy financial and market planning tools to develop models of future operating scenarios, and oversight of modeling tasks and results. These operating models will provide insight into the potential implications that changing utility environments may have on finances, operations, and quantitative and qualitative indicators of customer satisfaction (e.g. high level</p>				

impacts to costs of operation, product or service offerings). This contract will build capacity within Austin Energy to perform operational modeling enabling Austin Energy to model future scenarios as they arise and use the results to prioritize internal operating initiatives to align with business need.

In addition, PA Consulting will support the prioritization of initiatives relevant to future operations, and the development of key performance indicators and associated metrics that can be used to measure performance with operational initiatives over time. This work will focus on establishing and applying industry best practices for developing metrics that can be tracked currently and/or with the advent of tools and systems planned for development as part of the technology strategy and roadmap implementation (e.g. enterprise performance management, customer analytics).

PA Consulting has experience working with a number of utilities to provide similar services, an understanding of several complex utility modeling tools, significant experience modeling the Electric Reliability Council of Texas electricity market and associated assets, and the expertise required to use these tools to model future operating scenarios. They are highly experienced in models like UPLAN, Austin Energy's modeling tool that requires hundreds of individual inputs in order to accurately model Austin Energy's operations, and the experience and skills required to train our staff to use in-house tools to model and assess impacts to Austin Energy's transmission and distribution business and retail operations under likely future operating scenarios. In addition to their extensive experience with electric utilities and specific experience with municipal utilities, PA Consulting has experience working with Austin Energy to identify key technology and operational initiatives, and has a solid understanding of Austin Energy's culture, priorities, and the community.

## AGENDA



## Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	50210	Agenda Number	<ITEM_OUTLINE>
Meeting Date:	October 1, 2015			
Department:	Purchasing			
Subject				
<p>Authorize execution of a 12-month extension of the contract with REPUBLIC SERVICES INC. for the management and disposal of industrial Class 2 non-hazardous waste for Austin Energy in an amount not to exceed \$264,820, for a total contract amount not to exceed \$794,460.</p>				
Amount and Source of Funding				
<p>Funding is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy.</p>				
Fiscal Note				
<p>There is no unanticipated fiscal impact. A fiscal note is not attached.</p>				
Purchasing Language:	Contract Extension			
Prior Council Action:	April 11, 2013 – approved original contract, item 19.			
For More Information:	Nicole Turner, Senior Buyer Supervisor, 512-322-6586			
Boards and Commission Action:	September 21, 2015 - To be reviewed by the Electric Utility Commission.			
Related Items:				
MBE / WBE:	<p>This contract was awarded in compliance with City Code Chapter 2-9C Minority Owned and Women Owned Business Enterprise Procurement Program. No subcontracting opportunities were identified; therefore, no goals were established for this contract.</p>			
Additional Backup Information				
<p>In order to comply with federal, state, and local regulations, Austin Energy requires the turn-key services of a waste disposal contractor to transport and dispose of industrial Class 2 and non-hazardous special wastes generated. The current contract was awarded in May 2013 for an initial term of 24 months. At the time of award, Council stipulated that this and other waste disposal contracts be consolidated into a combined City-wide contract by 2015. The current contract expires October 10, 2015. This extension is necessary to allow services for Austin Energy to continue until Austin Resource Recovery's contract ends on November 30, 2015. Therefore, Austin Energy is recommending the extension of the non-hazardous waste disposal contract with Republic Services, for one more year.</p>				
<p>Republic Services has successfully provided the required services under this contract. The existing Republic landfill in Austin is scheduled to close later this year and the waste will be shipped to Waste Management's landfill which is adjacent to the existing landfill, at no additional cost to Austin Energy. As a result, there will be no impact on the carbon footprint from the transportation of waste to a distant site.</p>				





# AGENDA



## Recommendation for Council Action (Purchasing)

Austin City Council	Item ID:	50211	Agenda Number	<ITEM_OUTLINE>
Meeting Date:	October 1, 2015			
Department:	Purchasing			
Subject				
<p>Authorize negotiation and execution of Amendment No. 2 to a contract with NEWGEN STRATEGIES AND SOLUTIONS, LLC, for regulatory consulting services for Austin Energy services in an amount not to exceed \$500,000, for the revised total contract amount not to exceed \$945,885.</p>				
Amount and Source of Funding				
<p>Funding in the amount of \$500,000 is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy.</p>				
Fiscal Note				
<p>There is no unanticipated fiscal impact. A fiscal note is not required.</p>				
Purchasing Language:	Contract Amendment			
Prior Council Action:	November 6, 2014 - Approved original contract, item 53.			
For More Information:	Leslie Giannattasio, Senior Buyer, 512-322-6583			
Boards and Commission Action:	September 21, 2015 - To be reviewed by the Electric Utility Commission.			
Related Items:				
MBE / WBE:	This contract was awarded in compliance with City Code Chapter 2-C Minority Owned and Women Owned Business Enterprise Procurement Program. No subcontracting opportunities were identified; therefore, no goals were established for this contract.			
Additional Backup Information				
<p>The amendment is for Phase II of a contract with NewGen Strategies and Solutions, LLC (NewGen) to assist Austin Energy in conducting a cost of service study. The financial policies of the City require that Austin Energy conduct a cost of service study a minimum of every five years (Austin Energy Financial Policies No. 17). Council Ordinance establishes a policy that Council will review Austin Energy's rates every five years (Council Ordinance No. 20120607-055). The cost of service study and review of Austin Energy's rates was initiated in Fiscal Year 2015 and is anticipated to be concluded in Fiscal Year 2016. In Phase I of the contract, NewGen was engaged to conduct several studies serving as inputs to the cost of service study. Those Phase I studies included an assessment of demand charges applicable to small commercial customers with peak demand above 10 kilowatts (as called for under Council Resolution No. 20140626-073); a study of Austin Energy's reserves and reserve fund policies; and a conservation pricing signal study. In Phase II, NewGen will support Austin Energy staff as described below.</p>				

On November 6, 2014, Council approved item 20141106-053 authorizing the award and execution of a 24-month contract with NewGen Strategies and Solutions LLC., for regulatory consulting services for Austin Energy, which authorized funding for Phase I only. A second, unfunded phase of work was included in the original scope of work that would engage NewGen's assistance with the analysis required to conduct a cost of service study used to determine Austin Energy's revenue requirements as called for in Ordinance No. 20120607-055. Council's November 6, 2014 action required Austin Energy to return to Council for authorization of funds for Phase II.

During Phase II, NewGen will be responsible for the following objectives, to be completed by the end of September 2016:

- Review and advise on updates to Austin Energy's revenue requirement and cost of service model: NewGen will provide expert advice on Austin Energy's updates to its cost of service model and will review the outputs from the updated cost of service study to ensure work meets industry best practice.
- Review, advise, and recommend changes to rate design options: NewGen will provide expert advice on potential changes to retail rate design that meet Council direction, community objectives, and industry best practice.
- Assist with preparation of a rate filing package: NewGen will assist Austin Energy staff with the development, writing, and review of materials that explain in detail Austin Energy's revisions to its revenue requirement and cost of service and explain any recommended changes to retail rates.
- Participate in the cost of service and rates review process before Council. NewGen will assist Austin Energy with delivering presentations to the Electric Utility Commission, Council, and Impartial Hearings Examiner on Austin Energy's cost of service review and rate recommendations; help develop responses to requests for information; and serve as an expert witness throughout the review process.

An additional task has been identified in the scope of work for Phase II: Task 4 – Rate proceeding before the Public Utility Commission of Texas. In the event that an appeal of Council's action on Austin Energy's revised revenue requirement and retail rates is filed with the Public Utility Commission of Texas by Austin Energy's customers located outside the city limits of Austin, Austin Energy will require NewGen's assistance in revising rate filing materials, help developing responses to discovery requests, and serving as an expert witness in that proceeding. Austin Energy will return to Council for authorization of funds for Phase II, Task 4 should these services be required.

The additional authority represents approximately a 112% increase to the original contract amount. In accordance with Senate Bill 7, as adopted by the City of Austin as Resolution No. 040610-02, Austin Energy contracts may be increased in excess of the 25% limit required by Chapter 252 of the Texas Local Government Code.

Approval of this action is requested in order to support and maintain the schedule to complete the cost of service study and Council review of Austin Energy's rates in a timely manner that will allow for implementation of any approved rate changes in tandem with the Fiscal Year 2017 budget.

#### Contract Summary

Action	Description	Amount
Council Authorization – November 6, 2014	Original Authorization	\$ 445,885
Amendment No. 1 – August 7, 2015	Scope modification	\$ 0
Proposed Amendment No. 2	Phase II	\$ 500,000
	Revised Total Contract Authorization	\$ 945,885



Item 10

CITY OF AUSTIN  
AGENDA DATE: 10/15/2015  
VENDOR NAME: PRIESTER-MELL & NICHOLSON INC.

**SUBJECT**

Authorize execution of a contract with **PRIESTER-MELL & NICHOLSON INC.** for the one-time purchase of 54 streetlight poles for Austin Energy in an amount not to exceed \$74,412.

**AMOUNT AND SOURCE OF FUNDING**

Funding is available in the proposed Fiscal Year 2015-2016 Operating Budget of Austin Energy.

**FISCAL NOTE**

There is no unanticipated fiscal impact. A fiscal note is not required.

**FOR MORE INFORMATION CONTACT**

Annie Atwood, Buyer I, (512) 322-6472

**PRIOR COUNCIL ACTION**

**BOARD AND COMMISSION ACTION**

September 21, 2015 - To be reviewed by the Electric Utility Commission.

**PURCHASING**

(IFB) Lowest bid received.

**MBE/WBE**

No Goals

This contract will be awarded in compliance with City Code Chapter 2-9D (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this contract.

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This contract is for the purchase of 54 streetlight poles, 45 feet tall, to illuminate City streets in the area near West William Cannon Drive and Southwest Parkway, in Council District 8. The equipment will also illuminate apartments and office buildings in the area.

This is a one-time purchase for the specific project. The poles, which have a delivery time of 93 calendar days, are needed for a project that is currently under construction; therefore, approval is requested on October 15, 2015.

MBE/WBE Solicited: 4/4

MBE/WBE Bid: 0/0

**CITY OF AUSTIN**

**AGENDA DATE: 10/15/2015**

**VENDOR NAME: PRIESTER-MELL & NICHOLSON INC.**

**BID TABULATION**

IFB No. APC0007  
45 Foot Streetlight Poles  
(1 line item - qty. 54 )

VENDOR	Unit Price	Total Price
<b>Priester-Mell &amp; Nicholson, Inc. Austin, TX</b>	<b>\$1,378</b>	<b>\$74,412</b>
Wildcat Electric Supply San Marcos, TX	\$1,428	\$77,112
Power Supply Inc. Austin, TX	\$1,450	\$78,300
Techline Inc. Austin, TX	\$1,750	\$94,500
KBS Elec. Dist. Inc. Austin, TX	\$1,790	\$96,660

A complete bid tabulation is on file in the Purchasing Office and is on the City of Austin, FSD Purchasing Office web site.

**PRICE ANALYSIS**

- Adequate competition.
- One hundred and twenty five notices were sent, including 4 MBEs and 4 WBEs. Five bids were received, with no response from the MBE's and WBE's.
- The pricing offered represents a 54% price decrease to the last contract awarded in July of 2010. The decrease is attributed to lower price of steel and purchasing bulk quantities for a specific project.

**APPROVAL JUSTIFICATION**

- Lowest bid received.
- The Purchasing Office concurs with Austin Energy's recommended award.
- Advertised on the Internet.

**CITY OF AUSTIN**  
**RECOMMENDATION FOR COUNCIL ACTION**  
**VENDOR NAME: HERRERA & BOYLE, PLLC.**

**AGENDA DATE: 10/15/2015**  
**PAGE 1 OF 2**

**SUBJECT:** Authorize negotiation and execution of a contract with HERRERA & BOYLE, PLLC, or another qualified offeror to Request for Qualification Statements LAG0501, for impartial hearing examiner services for Austin Energy's 2016 cost of service and rate review in an amount not to exceed \$350,000.

**AMOUNT AND SOURCE OF FUNDING:** Funding in the amount of \$350,000 is available in the Fiscal Year 2015-2016 Operating Budget of Austin Energy.

**FISCAL NOTE:** There is no unanticipated fiscal impact. A fiscal note is not required.

**PRIOR COUNCIL ACTION:** N/A

**BOARD AND COMMISSION ACTION:** To be reviewed by the Electric Utility Commission on September 21, 2015.

**PURCHASING:** Best evaluated response.

**MBE/WBE:** This contract will be awarded in compliance with Chapter 2-C of the City Code (Minority-Owned and Women-Owned Business Enterprise Procurement Program). No subcontracting opportunities were identified; therefore, no goals were established for this solicitation.

**FOR MORE INFORMATION CONTACT:** Leslie Giannattasio, Senior Buyer/512-322-6583

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As part of the multi-step process that will be used to review Austin Energy's cost of service and rate design, AE requests authority to engage an Impartial Hearing Examiner to assist the Council in establishing fair and balanced rates. At the direction of Council, the Impartial Hearing Examiner will oversee the technical, public process that studies AE's recommended changes to its cost of service study and rate design. Then operating within the public policy framework established by the Council and City and state law and considering relevant facts offered by AE and members of the community, the Impartial Hearing Examiner will make an independent recommendation to Council regarding AE's proposed rate design.

The Impartial Hearing Examiner will work in two distinct phases. In Phase I, the Impartial Hearing Examiner will:

- Review City policies, resolutions, and ordinances related to AE and its operations;
- Review state and legal precedents regarding electric utilities in general and municipally owned utilities operating in the Electric Reliability Council of Texas region;
- Help establish procedural rules and a timeline for the public process; and
- Brief the Electric Utility Commission and the AE Utility Oversight Committee on key ratemaking principles, the rate review process, and opportunities for public participation.

During Phase II, the Impartial Hearing Examiner will:

- Conduct pre-hearing conferences with interested parties to go over the procedural rules and timeline;
- Receive written arguments and evidence and convene hearings to take oral arguments and evidence from interested parties that address issues identified in the scope of the hearings;
- Prepare reports and recommendations to Council based on evidence and testimony provided during the proceedings; and
- Present its final recommendations to the AE Utility Oversight Committee.

Throughout the entire review process, Council will maintain the exclusive authority to set rates. The Impartial Hearing Examiner's recommendations will provide Council with objective, independent, and expert advice and will help consolidate myriad opinions into a cogent report geared to facilitating Council's decision making process.

The proposal evaluation team consisted of a diverse group of City employees with an array of professional backgrounds. In order to promote an independent selection process, AE recruited three panel members from other City departments. The team included a sitting judge from the Municipal Court, a senior attorney from the Law Department, a senior manager in the Economic Development Department, and a subject matter expert from AE. Evaluation criteria used to evaluate the proposals include demonstrated applicable experience, personnel qualifications, writing sample and approach to the work.

AE anticipates engaging the Impartial Hearing Examiner by November 1, 2015. Phase I work is expected to run from November 1 through December 31, 2015. Phase II is expected to run from January 1 to July 31, 2016.

MBE/WBE solicited: 5/0

MBE/WBE bid: 0/0

#### **PRICE ANALYSIS**

- a. Adequate competition.
- b. One hundred fifty six notices were sent including 5 MBE. There are no known WBE for this commodity code.. Three responses were received with no response from the MBE.

#### **APPROVAL JUSTIFICATION**

- a. Best evaluated response.
- b. The Purchasing Office concurs with Austin Energy's recommended award.
- c. Advertised on the Internet.

**IMPARTIAL HEARING EXAMINER  
LAG0501**

<u>Evaluation Category</u>	<u>Maximum Points</u>	Herrera & Boyle	Webb & Webb	Frederick A. Hawkins
Demonstrated Applicable Experience	35	32.5	28	14.5
Personnel Qualifications	25	21	18.25	15.75
Written Sample Submission	20	18.5	15.5	12.25
Development Approach	20	18.25	12.75	5.25
<b>Total</b>	<b>100</b>	<b>90.25</b>	<b>74.5</b>	<b>47.75</b>

NOTE: As per Section 252.049 of the local government code, contents of a proposal shall remain confidential until a contract is awarded or as directed by the Texas Attorney General's Office. Therefore, the matrix will include points awarded for price but exact pricing will not be disclosed.



**CITY OF AUSTIN – AUSTIN ENERGY  
RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA DATE: 10/15/2015**

**SUBJECT:** Approve an ordinance amending City Code Chapter 15-9 relating to electric meter totalization.

**AMOUNT AND SOURCE OF FUNDING:** There is no fiscal impact.

**FISCAL NOTE:** N/A

**FOR MORE INFORMATION:** Jeff Vice, Director, Local Government Issues (512) 322-6087; Dan Smith, Vice President, Electric Service Delivery (512) 322-505-7009.

**BOARDS AND COMMISSION ACTION:** September 21, 2015 – To be reviewed by the Electric Utility Commission.

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This action will bring City Code Section 15-9-134 up to date with practices and technology to reflect current Austin Energy rates and the billing system—the Customer Care & Billing or “CC&B” system.

Meter “totalization” is a billing function commonly used by electric utilities to combine and invoice simultaneous readings from meters as if the readings were generated by a single meter. Austin Energy may allow or require totalization of a customer’s meter if each meter independently qualifies for the same rate class and utilizes the same configuration. In these cases, the meters serve one building, the customer is the sole occupant of the building, and the building was served by more than one meter before the customer's occupancy. In addition, the customer receives a special utility service, including dual feed, that requires more than one electric meter; or, because of special engineering considerations, Austin Energy may require the customer to have more than one electric meter for a building or group of buildings for which the utility would normally provide service through only one meter.





**ORDINANCE NO.****AN ORDINANCE AMENDING CITY CODE CHAPTER 15-9 RELATING TO METER TOTALIZATION.****BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

**PART 1.** City Code Section 15-9-134 (*Meter Totalization*) is amended to read as follows:

- (A) In this section, "meter totalization" means a billing function that combines and invoices simultaneous readings from eligible electric meters as if the readings were generated by a single meter.
- (B) The director of the Electric Utility may allow or require meter totalization of a customer's meters only if:
  - (1) each meter independently qualifies for the same [electric rate] class of electric rate,
  - ~~[(1)]~~ (2) each meter utilizes the same meter configuration; and
  - ~~[(2)]~~ (3) the director determines that:
    - (a) the meters serve a single building, the customer is the sole occupant of the entire building, and the building was served by more than one electric meter before the customer's occupancy;
    - (b) the customer receives a special utility service, including dual feed, that requires more than one electric meter; or
    - (c) because of special engineering considerations, the Electric Utility requires the customer to have more than one electric meter for a building or group of buildings to which the Electric Utility would normally provide service through only one meter.
- (C) A single building under Subsection (B) does not include an attached parking garage or structure connected to the building by a walkway, atrium, or other space that is not a characteristic commercial area.
- (D) The director of the Electric Utility shall have sole discretion in making the determination that a structure is a single building under Subsection (B) or if

a customer meets the requirements of Subsection (B).

- (E) The director may not include a meter that primarily serves equipment located on the exterior of a building in a meter totalization.
- (F) For each invoice utilizing meter totalization, the electric utility shall add together the kilowatt hour and demand readings from each eligible meter so that:
  - (1) the total kilowatt hours consumed through the meters are invoiced as if they were consumed through a single meter;
  - (2) the total billing demand is calculated at the fifteen-minute interval of greatest combined use; and
  - (3) the power factor adjustment is calculated using the total billing demand and interval of greatest combined use determined under Subsection (F)(2).

**PART 2.** This ordinance takes effect on \_\_\_\_\_, 2015.

**PASSED AND APPROVED**

\_\_\_\_\_, 2015

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Steve Adler  
Mayor

**APPROVED:** \_\_\_\_\_

Anne L. Morgan  
Interim City Attorney

**ATTEST:** \_\_\_\_\_

Jannette S. Goodall  
City Clerk